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FISCAL IMPACT STATEMENT

LS 6839

BILL NUMBER: SB 365

NOTE PREPARED: Jan 8, 2014

BILL AMENDED:

SUBJECT: School accountability.

FIRST AUTHOR: Sen. Miller Pete

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill has the following provisions:

Accountability: The bill provides that a school is subject to certain consequences after the first and second years in which the school remains in the lowest accountability category or designation following the school's initial placement in the lowest accountability category or designation. (Under current law, the consequences are in effect after the third and fifth years in which a school remains in the lowest accountability category or designation following the school's initial placement in the lowest accountability category or designation.)

Turnaround Academy: The bill provides that a school becomes a turnaround academy in the third year in which the school remains in the lowest accountability category or designation following the school's initial placement in the lowest accountability category or designation. It requires the State Board of Education to determine, during a turnaround academy's fifth year of operation, whether the turnaround academy will be returned to the operation of the school corporation, become a charter school, or be subject to an additional intervention.

Explanation of State Expenditures: The bill's requirements are within the State Board of Education's routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels. Based on data from the Department of Education, under this provision, a total of 86 out of 1,973 public, noncharter schools would be subject to intervention by the State Board. Thirty-five of these schools would be subject to the first State Board intervention; fifty-one would be subject to becoming a turnaround academy.

Explanation of State Revenues:

Explanation of Local Expenditures: Summary:

Accountability: Under this bill, the time line for State Board intervention in a school because of its academic performance would be reduced. The bill would reduce the entire time line by three years, from six years to three years. The actions taken by the State Board if a school receives four consecutive “F”s would now be taken if the school receives two consecutive “F”s. The actions taken by the State Board if a school receives two additional consecutive “F”s (six consecutive “F”s in all) would now be taken if the school received one additional “F” (three consecutive “F”s in all).

As a result, the fiscal impact would depend on whether the school in question would have been able to improve its academic performance enough in the additional years provided under current statute (two years for the first State Board intervention; one year for the second intervention) in order to avoid the applicable State Board intervention. If the school would not have been able to do so, the fiscal impact would be minimal.

On the other hand, if the school would have been able to improve its academic performance, the school and its parent corporation would avoid the administrative expenses associated with the applicable State Board action. For the first intervention this would include administrative expenses associated with the expert team, the possible employment of consultants, the restructuring that could occur, and possible loss of state tuition funding if the school board decides (and the State Board concurs) to restructure the school as a turnaround academy. For the second intervention, this would include the loss of state tuition funding due to the transfer of the school to a special management team that would operate the school as a turnaround academy.

Additional Information: Current law places Indiana schools into one of five categories based upon student performance and growth to proficiency. The five categories are: “A”; “B”; “C”; “D”; and “F”, with “A” being the highest and “F” the lowest.

When a school’s academic performance places it in the category “F”, the probationary process begins and it could last a total of six years, including the year the school was initially placed in the “F” category. The first year that a school is placed in the lowest category or designation of school improvement, the State Board must notify the school and the school corporation that the school is in the lowest category. Upon receiving the notice, the governing body of the school corporation must issue a public notice of the school's lack of improvement, and hold a public hearing in which public testimony is received concerning the lack of improvement. The school may revise its strategic and continuous school improvement and achievement plan to include shifting resources and changing personnel. The governing body of the school corporation may also request the State Board to appoint an expert team to assist in the development of a new strategic plan or to immediately restructure the school into a turnaround academy to be managed by a special management team.

Further ratings of “F” in the next three years after the initial placement in this category, and also for the next two years after (i.e. five years after the initial placement) would lead to further intervention by the State Board.

If the school is still in the lowest category in the next three years after the initial placement in this category, the State Board has to assign an expert team to the school to assist the school in revising its strategic and continuous school improvement plan and recommend other changes as necessary. The governing body of the school corporation may also petition the State Board to immediately restructure the school into a turnaround academy which would be managed by a special management team. For the purposes of this bill, this is

considered the first State Board intervention.

If the school corporation does not apply to have the school restructured as a turnaround academy and the school receives a rating of "F" in each of the next two years, the State Board (after holding a public hearing) has the option of merging the school with a better-performing school, closing the school, appointing a special management team to manage the school as a turnaround academy, or implementing another plan. However, unless the school is merged or closed, it will become a turnaround academy. For the purposes of this bill, this is considered the second State Board intervention.

This bill makes the following changes:

a. The actions to be taken by the State Board and the governing body of the school corporation if the school receives a rating of "F" four years in a row, would now be implemented if the school receives a rating of "F" for two consecutive years.

b. The actions taken by the State Board if the school receives a rating of "F" for six consecutive years would now be implemented if the school receives a rating of "F" for three consecutive years. Additionally, the school would become a turnaround academy even if the school is merged with another school (under this bill the school would not be closed). The bill requires the State Board to direct the Department of Education to seek a lead partner or turnaround operator for the school.

c. The turnaround operator would be granted a contract for five years. In the fifth year, the State Board would determine if the turnaround operator has fulfilled the terms of the contract. If so, the Board may return the school to the school corporation, direct the special management team to apply to a charter authorizer in order to turn the school into a charter school, or have the school be operated as a turnaround academy for another five years. The bill does not indicate if the current turnaround academy operator or a different operator would continue to manage the school if the State Board chooses to have the school continue as a turnaround academy.

Under this bill, based on school performance data from the Department of Education, there would be 35 out of 1,973 public noncharter schools that could potentially be subject to the first State Board intervention if any of these schools received an "F" in 2014. These schools received an "F" in 2013. Additionally, there would be 51 schools that would be subject to the second State Board intervention if they received an "F" in 2014. These schools received an "F" in 2012, and 2013.

Explanation of Local Revenues: *Accountability:* Under current law, a failing school could have merged with another school in the same school corporation. Under this bill, a failing school would automatically become a turnaround academy and the school corporation would lose the state tuition support for that school. On the other hand, after five years, the formerly failing school could be returned to its original school corporation if the State Board so directs.

Turnaround Academy: Under the bill, the contract would be for five years after which the school may be returned to its original school corporation, turned into a charter school, or continue to function as a turnaround academy. If the school is returned to its parent corporation the turnaround academy operator would lose the funding for that school. The bill does not indicate if the current turnaround academy operator or a different operator would continue to manage the school if the State Board chooses to have the school continue as a turnaround academy.

State Agencies Affected: State Board of Education; Dept of Education.

Local Agencies Affected: School corporations; Schools.

Information Sources: Dept of Education website, <http://www.doe.in.gov/improvement/accountability/>

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